Feasibility study on FTA with China

2358. SHRI S.M. LALJAN BASHA: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether India and China agreed to undertake a feasibility study on FTA between the two countries;

(b) if so, the details of such feasibility study and the need for it;

(c) what will be the impact of FTA on the proposal to set up an Asian Economic Community;

(d) whether Government will complete all formalities for the FTA with China shortly; and

(e) the details of advantages to Indian exporters from this FTA with China?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGOVAN): (a) to (e) During the former Prime Minister's visit to China in June, 2003, a Joint Study Group (JSG) comprising representatives from India and China was set up to examine the potential complementarities between the two countries in expanding trade and economic cooperation. The JSG report was submitted to Hon'ble Prime Minister Manmohan Singh and Premier Wen Jiabao during the latter's recent visit to India from 9-12th April, 2005. The JSG report recommends an India-China Regional Trading Arrangement, comprising trade in goods and services, investments, identified understandings for trade and investment promotion and facilitation and measures for promotion of economic cooperation in identified sectors. In the Joint Statement released during Premier Wen's visit, the Prime Ministers agreed to appoint a Joint Task Force to study in detail the feasibility of and the benefits that may derive from the India-China Regional Trading Arrangement and give recommendations regarding its content. In view of the above, it is too early to assess the advantages to Indian exporters from an FTA with China. At present, there is no move to set up an Asian Economic Community.